

REPORT OF THE FISCAL COMMITTEE TO THE LEGISLATIVE COUNCIL

June 30, 2003 – State Capitol Building, Des Moines

The Fiscal Committee met on June 20, July 25, September 25, November 20, and December 19, 2002.

The following topics/issues were addressed at the meetings. More information on any of these topics is available from the Legislative Fiscal Bureau.

Dennis Prouty, Director of the Legislative Fiscal Bureau, provided regular revenue updates, and the Committee received notices of appropriations transfers and lease purchases. The following FY 2002 or 2003 General Fund appropriations transfers were received and discussed.

Section 8.39, Code of Iowa Transfers

<u>Department/Division Transferred To</u>	<u>Amount Transferred</u>	<u>Department/Division Transferred From</u>	<u>Amount Transferred</u>
Dept. of Public Health Addictive Disorders	\$98,873	Dept. of Public Health Child & Adolescent Wellness	\$23,201
Adult Wellness	\$39,733	Chronic Conditions	\$62,170
Community Capacity	\$76,716	Elderly Wellness	\$211,309
Environmental Hazards	\$16,677	Infectious Diseases	\$270
Public Protection	\$277,154	Injuries	\$178,845
		Resource Management	\$33,358
Dept. of Human Services, State Supplementary Assistance	\$1,027,744	Dept. of Human Services, Medical Assistance	\$1,027,744
General Services, Dept. of Operations	\$35,000	General Services, Dept. of Property Mgmt	\$35,000
Governor's Office, Terrace Hill Quarters	\$33,000	Governor's Office, General Office	\$36,000
Dept. of General Services, Terrace Hill Operations	\$ 3,000		
Dept. of Revenue & Finance Compliance	\$6,000	Dept. of Revenue & Finance	\$6,000
Dept. of General Services Appraisal/Assessment Metropolitan Medical Center and Land/ Acquisition/ Improvement appropriation	\$120,000	Dept. of General Services Capital Interior Restoration	\$120,000

Tobacco Tax-Exempt Funds

<u>Department/Division Transferred To</u>	<u>Amount Transferred</u>	<u>Department/Division Transferred From</u>	<u>Amount Transferred</u>
Dept. of General Services, Capitol Interior Restoration	\$499,940	Dept. of General Services, Metropolitan Medical Center Option	\$499,940

The following lease-purchase acquisitions were discussed:

Lease-Purchase Dollars	Department	Explanation
\$509,300	Dept. of General Services	Lighting and air handler upgrades in several buildings on the Capitol Complex.
\$412,000	Iowa State University (ISU)	Laptop computers for students in the College of Design.
\$114,000	ISU Veterinary Teaching Hospital	Sterilizer system.

The Committee also heard periodic updates on:

- Healthy and Well Kids in Iowa (*hawk-i*) Program
- Medical Assistance Program (Medicaid)
- Securitization of the Tobacco Settlement Funds
- Program Elimination Commission meetings
- Pending court cases against the State of Iowa

Other Major Agenda Items

- FY 2002 Ending Balance – Discussion of the ending balance and the use of reserve funds, early retirement and early out programs, and the projected Medical Assistance shortfall.
- Appropriations for FY 2000, 2001, 2002, 2003 Estimated, and Full Time Employee (FTE) positions for FY 2001, FY 2002 vs. FY 2003 Estimated.
- FY 2002 and estimated FY 2003 balances of various funds – Discussion included the Endowment for Iowa's Health Account, the Restricted Capital Fund, the Healthy Iowans Tobacco Fund, the Rebuild Iowa Infrastructure Fund, and the Environment First Fund.
- FY 2003 Salary Costs and Funding – Discussion of the projected costs of the salary agreement in FY 2003 and FY 2004.
- Fair Labor Standards Act (FLSA) court case involving state troopers, employees of the Departments of Corrections, Transportation, and Natural Resources – Discussion of back pay and the impact to the General Fund.
- Court case relating to the wagering tax – Discussion of the impact on the State General Fund of the court rulings as well as the impact on the Rebuild Iowa Infrastructure Fund balance.

- Medical Report for the Medical Assistance Advisory Group mandated by HF 2245 (FY 2002 Medical Assistance Supplemental Act) – Received the report that was due June 1, 2002.
- Restoration of Old Capitol in Iowa City that was damaged last year by fire – Discussion of cost, payment for the damages, and timeline for repairs.
- University of Iowa Hospitals and Clinics – Discussion of funding of the hospitals and clinics.
- Revenue Estimating – Discussion of current method and history of the Revenue Estimating Conference. The Committee met jointly with the Oversight Committee on this topic.
- Sales Tax Forecast – Discussion of how Internet sales have impacted the sales tax revenue nationally and in Iowa.
- Technology needs of the Department of Revenue and Finance – Discussed the needs and associated cost to collect and analyze the information needed to make more accurate forecasts.
- Capitol Security and Capitol Restoration issues – Discussion of the Capitol Security costs and progress on the Capitol restoration.
- Iowa Priority Program – *Issue Review* and discussion of the Program.
- Restructuring of State Government – Briefing and discussion by Cynthia Eisenhauer, Director of the Department of Management.
- Iowa Public Employment Retirement System (IPERS) – Discussion of the IPERS and how it has been affected by the stock market during 2001 and 2002.
- Collective Bargaining and Salaries – Discussion about the collective bargaining process and the potential cost of the union offers and the State's counter offers in FY 2004 and FY 2005.
- Judicial Branch Reorganization – An update on the plan released fall 2002 to reorganize the judicial districts.
- Pending litigation against the State under the Fair Labor Standards Act – Discussion about the pending lawsuit filed by employees of the following departments: Public Safety, Transportation, Corrections, and Natural Resources for back pay.
- Community College Governance – *Issue Review* and discussion.
- Board of Regents – Historical funding review, discussion of tuition rate increases, enrollment, budget reductions/revised spending plans, organizational review, and bond issuance costs.
- Board of Regents Unit Cost of Instruction – *Issue Review* and discussion.
- School Aid Funding – *Issue Review* and discussion.

- State Indebtedness – Report on the amount of debt outstanding.
- Sexually Violent Predator Program – Update on cost, demographics, trends, etc.
- Recruitment/Retention and Exceptional Job Performance Bonuses – The LFB provided a report of the bonuses paid to state employees for recruitment, retention, and exceptional job performance for the period December 1998 through November 2002.
- Impact of Changing Iowa's Operating While Intoxicated (OWI) Statute – *Issue Review* and discussion.

Materials distributed to the Committee related to these topics are maintained at the LFB office and are available upon request. The agenda, minutes, and handouts for each meeting can be found on the LFB web site at:

<http://staffweb.legis.state.ia.us/lfb/committee/fiscalcomm/fiscalco.htm>

Respectfully submitted,

Senator Jeff Lamberti
Co-chairperson

Representative Dave Millage
Co-chairperson